



# **PSC NEWS**

## **Missouri Public Service Commission**

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### **SPRINT TO CHANGE BASIC MONTHLY TELEPHONE RATES UNDER PRICE CAP FILING**

Jefferson City (December 12, 2002)---Sprint Missouri, Inc. d/b/a Sprint will increase the basic monthly telephone rates for residential and business customers by \$1.50 a month under a price cap filing the telephone company can make under a 1996 Missouri law. The rate changes filed by Sprint will take effect on December 18, 2002.

The Missouri General Assembly passed legislation in 1996 which granted companies such as Sprint the ability to adjust rates with limited Commission oversight, while ensuring that customers pay reasonable charges for their services (called price cap regulation). Under the 1996 law, telephone rate changes must be filed with the Missouri Public Service Commission. The Commission then ensures that those charges comply with the law. If they do, those changes are allowed to take effect without the filing of a rate case before the PSC.

In addition to a change in basic monthly telephone rates for Sprint customers, Sprint will be adjusting, by up to eight percent, the rates for a number of non-basic services such as Return Check Charges, Call Waiting and Three-Way Calling. This filing also reflects changes in various service order charges including an increase in the rate charged by Sprint to re-establish service to a customer who has been disconnected for non-payment of their Sprint bill.

The Missouri Public Service Commission determined in August of 1999 that an alternative local telephone company was providing basic local telephone services in Sprint's service territory. As a result, under state law, Sprint was granted price cap regulation status.

Price cap regulation allows maximum prices for basic local telephone service to change based upon a consumer price index adjustment and rate rebalancing. The consumer price index adjustment allows the maximum rates for basic local service to annually change, up or down, based on relatively conservative government price indexes, which are based on the price of telephone service throughout the country.

In addition to the consumer price index adjustment, state law allows price cap regulated companies such as Sprint to perform rate rebalancing. Specifically, rate rebalancing allows a company such as Sprint to increase basic monthly telephone rates, once a year, by no more than \$1.50 a month, up to a maximum overall increase of \$6.00 over a four-year period. The additional revenues generated by the rate rebalancing are offset by decreases in access charges paid to Sprint by long-distance carriers for access to the Sprint telephone network to carry a long-distance call.

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